

# City of Bloomington, Minnesota

# CORPORATE REPORT to the Community

Fiscal Year Ending December 31, 2001, and Budget Year 2002

## Looking to the past... focusing on the future

By Mayor Gene Winstead

In 1858 Minnesota became a state. On the same day, the Town of Bloomington had its first organizational meeting in which 25 organizers approved a \$100 budget.

It was the beginning of local government and the services that would become increasingly important to our community. Bloomington has achieved much success over the last 150 years, overcoming many challenges. With the same strength and commitment of those who came before us, we are planning for our community's future.

### Budget challenges

The downturn of the U.S. economy and the events that occurred on September 11 made it a challenging year for the City of Bloomington and for the nation. Locally, there was a substantial decline in lodging and admissions revenues and a slowdown in building activity. Also impacting the City's 2002 Budget was the \$2 billion state budget deficit and, as a result of state tax restructuring, required reinstatement of a \$250,000 tax levy for debt service.

The City developed downturn strategies during the late 1990s that would be sustainable during anticipated economic downturns. Several of these strategies were employed to balance the 2002 Budget.

### Tax reform challenges

In addition, legislative changes resulted in significant property tax reform that achieved many goals simultaneously while reducing taxes for all property types. The changes include:

- ◆ Removal of basic education funding from the local property tax.
- ◆ New state property tax on commercial and industrial properties to help fund education.
- ◆ Deletion of Homestead and Agricultural Credit Aid for cities.
- ◆ Reduction of property tax classification rates.

### Top bond ratings

The City has worked hard to minimize the levy increase



This stereoscope, circa 1895, appears courtesy of the Bloomington Historical Society. If you could peer through its lenses, you would see two slide images appearing as one three-dimensional photograph, blending Bloomington's rich past with its vibrant future.

and has built a responsible budget under challenging times. Strong financial management and long-term stability have resulted in Aaa and AAA bond ratings, the highest ratings awarded respectively by the bond agencies, Moody's and Standard and Poor's. See article page CR7.

### Conservative increase

The City's financial position and long-term planning has helped keep taxes low. The 2002 property tax levy increased by 4.8 percent over 2001. The average increase is just 2.3 percent during the past nine years.

### Investing in our community

Focusing on the future requires identifying our community's needs and determining how best to meet them. This plan includes:

- ◆ Improving transportation systems, which are key to Bloomington's development.
- ◆ Expanding and improving our water supply to keep up

with increasing demand.

- ◆ Building new facilities to protect our capital investments from degrading and providing quality services for years to come.
- ◆ Reinvesting through commercial and residential redevelopments that attract and retain quality business and diversified housing.

- ◆ Focusing on services for our aging residents.

### Building on success

Bloomington organizers of years past would be proud. Today our city flourishes with excellent businesses that provide a strong tax base, caring neighbors who look out for each other, financial strength that can weather economic downturns and City services that enhance the quality of our lives. As we look to the future we will continue to build on past success, move in new directions and invest in services that will offer long-term value to our community. ◆

**Our city's success was built by leaders with a long-term vision. Our future success will be determined by the foundations established today.**

The "average" Bloomington home, used throughout this report except where noted, has a 2002 assessor's market value of \$178,900 with monthly property taxes for City services of \$47.57.

Most historical photos appear courtesy of the Irwin D. Norling family and the Bloomington Historical Society.

### INSIDE

**Page CR2.** Quality services your dollar buys.

**Page CR3.** Examples of our services.

**Page CR4 – CR5.** General Fund highlights.

**Page CR6 – CR7.** Capital and other funds.

**Page CR8.** Focusing on our future.

### GFOA Award

The Government Finance Officers Association (GFOA) of the United States and Canada has given the City of Bloomington the Award for Outstanding Achievement in Popular Annual Financial Reporting for its popular annual financial report for the fiscal year ended December 31, 2000. This prestigious national award recognizes the City's conformance with the highest standards for preparation of state and local government popular reports. The City has received a Popular Award for the last three years, the Distinguished Budget Award for the last five years and the Certificate of Excellence in Government Reporting for the past 29 years. ◆

### New accounting standards

The City of Bloomington is working to comply with new accounting standards from the Government Accounting Standards Board (GASB). A new statement, called GASB 34, requires significant financial reporting changes for governmental entities. It will provide a more comprehensive understanding of the City's finances. Changes in the report include: full depreciation of all capital and infrastructure assets, report restructuring, a comprehensive management discussion and analysis report. City staff is coordinating with external professionals to comply with the statement for the 2003 financial report. ◆

### Bloomington history timeline

1850

1858  
Town of Bloomington organized and \$100 budget approved.



1880

1880  
Population - 820.  
Gideon Pond family, four generations.



1890

1892  
First town hall built at Penn and Old Shakopee Road.

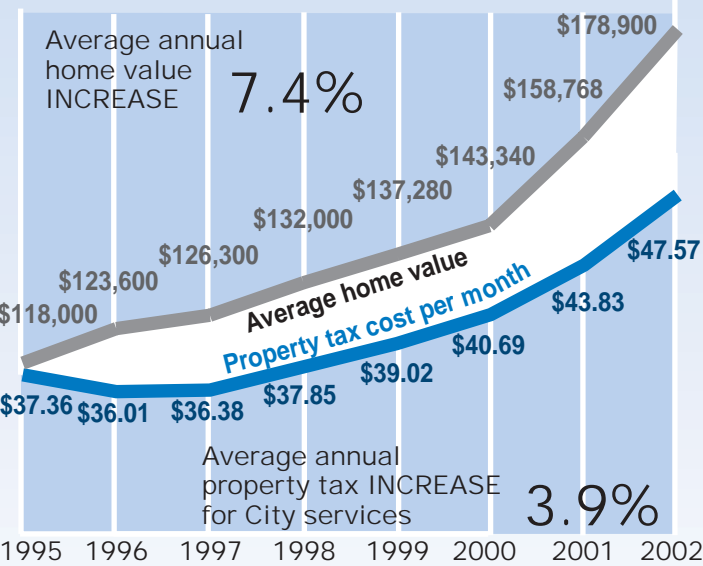


Home values increase at higher rate than net property tax

The services the City provides enhance our lives and provide a stable nucleus that helps residential home values to continue to grow. The City works hard to provide a broad range of quality municipal services at one of the lowest property tax costs per household in the metropolitan area.

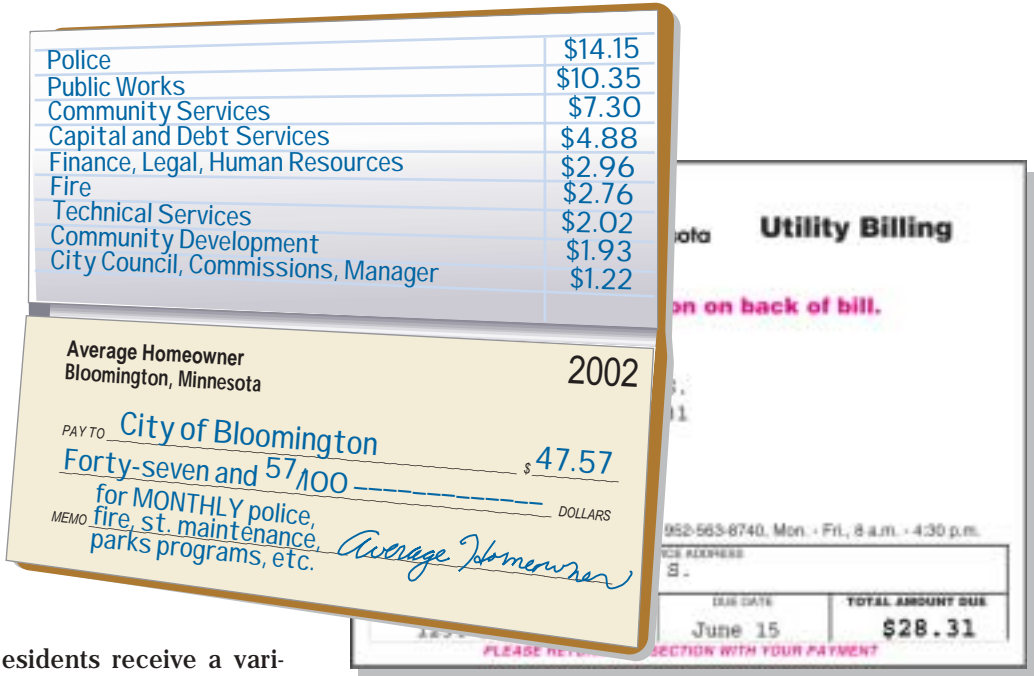
Since 1995, the typical home in Bloomington rose in value from \$118,000 to \$178,900, an average increase of 7.4 percent per year.

In the same time period, the net property taxes for this home increased from \$37.36 to \$47.57 per month, up just 3.9 percent annually. ♦



State aid that helped reduce property tax cost was discontinued in 2002 as a result of legislative changes. For comparison, the aid has not been included in the totals for years prior to 2002. The average annual increase would be below 3.9 percent if not for tax law changes.

City services your tax dollars buy



Residents receive a variety of City services at an affordable price. The cost of City services in 2002 for the average Bloomington homeowner, whose home has an assessor's market value of \$178,900, is \$47.57 per month – an increase of 9 percent from the previous year. Without significant state tax reform, the monthly cost would have dropped to \$37.85. Utilities are competitively priced and remained stable in 2001. The value received from City services

compares favorably to charges for other monthly bills.

Net property tax cost is obtained by subtracting all revenue sources other than property tax from departmental expenditures. Water and sewer utilities are fee-based.

**Property tax-supported services**

The checkbook shows how the monthly cost of property tax-supported services is divided among City departments.

**Monthly cost of utilities**

The monthly cost for utility services for an average home in Bloomington is \$28.31 in 2002. Services include water, sewer, stormwater and solid waste. Charges, based on an average usage of 7,500 gallons per month, are competitively priced and have remained stable since 1996. *Note: Water bills are mailed bimonthly and average \$56.62 per bill.* ♦

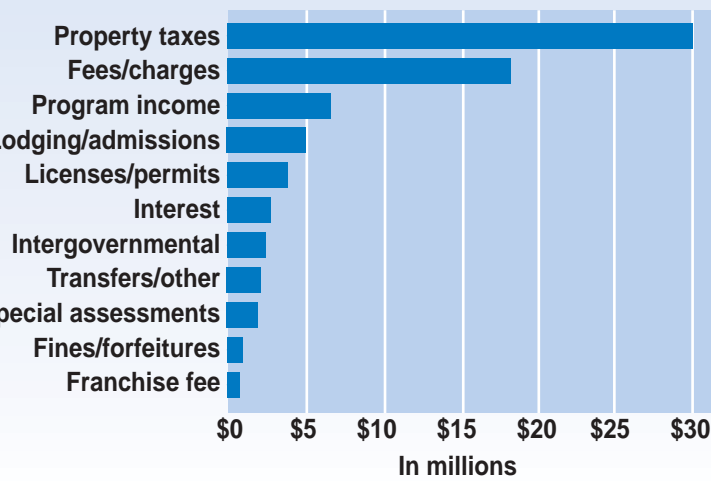
Diversification of revenue provides financial strength

Bloomington's low property tax rate is maintained by maximizing other funding sources and increasing productivity.

Property taxes constitute 40 percent of the City's operating revenue sources received in 2001. Other sources include: fees/charges for utilities and recreation services, 24 percent; program income generated from user fees, 9 percent; local admission and lodging taxes, 7 percent; interest, 4 percent; intergovernmental funds from grants and other aid, 3 percent. The remaining 13 percent is generated from permits and licenses and other sources.

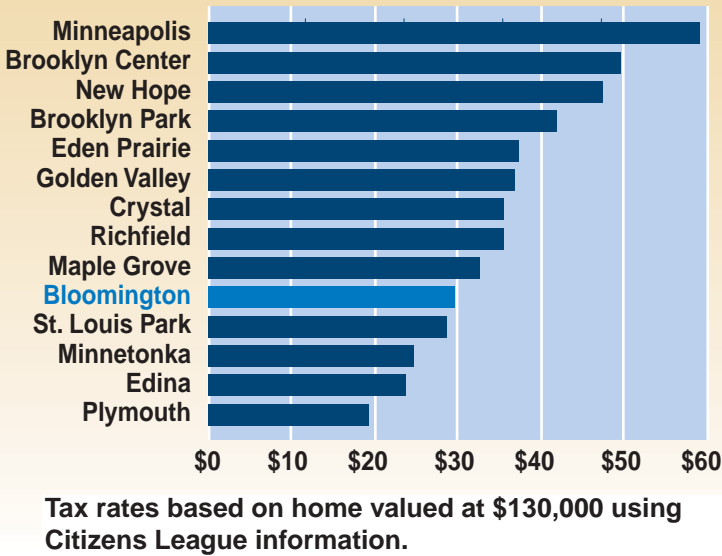
By diversifying revenue, the City of Bloomington is in a stronger position to withstand economic shifts that may effect certain revenues. ♦

Operating revenue sources



How Bloomington ranks in a tax rate comparison

Bloomington performs well – ranking fifth lowest in tax rates when compared with 14 Hennepin County cities. The total from property taxes is the amount needed to support city operations. ♦



Dividing up your 2001 tax dollar

Your tax dollar is divided among several governmental entities. As the graphic shows, for every dollar of taxes paid, 33 cents pays for City services.

Legislative changes in tax laws have affected the property tax. Prior to the changes, the City's portion was 18.6 cents. The state has taken over a large portion of school funding and a change in class rates has compressed the city's tax base. Overall, prop-

erty taxes for residential properties have decreased between 10 and 28 percent for 2002. The actual taxes owed are based on the market value and tax classification of the property and the levy. The levy for all local governmental entities is spread across properties within a city's boundaries using tax capacity, a function of market value and property type. After applying Educational Aids, the average Bloomington homeowner pays



\$1,983 in property taxes. Of that, \$571, or \$47.57 per month, goes to the City. The remaining \$1,412 goes to the School District, County or other agencies. ♦

1900



1917  
School consolidation approved. Cates School, Lyndale and Old Shakopee.

1920



1920  
Population - 1,330. J.J. Scott Store, Cedar and Old Shakopee.

1940



1945  
School enrollment - 700.



# Today's Progress Builds Tomorrow's Bloomington

## 2001 Highlights

From the past to the present, forward-thinking leaders have built and renewed our community. Despite the economic challenges of the past year, the City of Bloomington maintains excellent financial strength and continues to provide services that protect us, meet our diverse needs and enhance the quality of our lives. Here are the highlights of 2001.

### Neighbors helping neighbors

In 1956, Bloomington Police began promoting an initiative for children's safety. Today, Proactive Police Services continues to address a wide array of concerns from residents, including traffic safety, neighborhood disputes and crime prevention. Neighborhood Watch is comprised of residents who meet to discuss concerns and ways to reduce crime. The Police Department conducts an annual workshop to train and educate block captains so they can incorporate crime prevention techniques in their neighborhoods. Since 1992, Neighborhood Watch groups have grown from 24 to 308 in 2001. To further ensure safe environments for Bloomington neighborhoods and developments, Police have collaborated with other City departments since the mid-1980s to employ design elements in development projects that help deter crime.

When asked to rate the City's response to crime in Bloomington, 83 percent of the residents surveyed chose satisfactory or somewhat satisfactory.

Source: City of Bloomington Community Survey, November 2000



Safety program for children– 1956.



Neighborhood Watch – 2001.

### Future housing needs

Bloomington's development boom began in the 1950s to address our community's growing needs which were families with young children. Fifty years later, Bloomington is an aging community. The 2000 Census results showed the average median age of residents was 40 years, compared with 33 years in 1990. The City will be focusing on redevelopment to meet housing needs for our changing demographics.

In 2001, the American Hellenic Education Progressive Association constructed a 41-unit affordable housing development for seniors located at Beard and Old Shakopee Road. The City's Housing and Redevelopment Authority acquired the property where the Calvary United Pentecostal Church and two single-family homes stood. Currently under construction is the Summerhill Cooperative at 5100 W. 102nd Street, a 38-unit senior housing facility.

When asked to rate the importance of developing senior housing in Bloomington, 87.9 percent of the residents surveyed chose very desirable, desirable or somewhat desirable.

Source: City of Bloomington Community Survey, November 2000



Bloomington housing – 1950s.



Senior housing development – 2001.

### Call to service

Since 1947, Bloomington's Fire Department has been protecting our community and educating our children about fire prevention. Bloomington's 161 firefighters make up one of the largest all-volunteer departments in the country. Six fire stations serve more than 85,000 residents, 100,000 employees and 7,500 hotel rooms with a typical response time, from dispatch of a call until arrival of the first engine, of 4.2 minutes.

In 2001, firefighters responded to 1,287 calls and 90 firefighters devoted a record 1,500 hours to fire prevention. This included time dedicated to the 4th grade Fire Prevention and Smoke Detector programs, elementary and pre-school visits, station tours and the open house.

When asked how satisfied they were with fire protection in our community, 92 percent of the residents surveyed chose very satisfied or satisfied.

Source: City of Bloomington Community Survey, November 2000



Children learn fire safety – 1955.



Fire prevention – 2001.

1945



1947  
Volunteer Fire  
Department  
established  
and Fire  
Station #1  
built.

1950

Population -  
9,902.



1953  
Bloomington  
Police  
Department  
formed.



1954  
First City  
parks created  
- Bush Lake  
Beach and  
Moir Park.



# Quality services at an affordable price

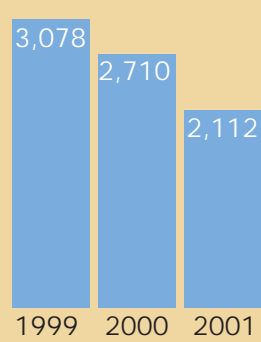
## Reducing false alarms

Police continued to resolve recurring calls for service. Alarm calls have become the third largest call for services. During 2001, officers responded to more than 2,100 alarm calls, of which 99 percent were false. Alarm responses have been reduced by more than 30 percent due to proactive efforts since 1999. See "Alarm responses" below.

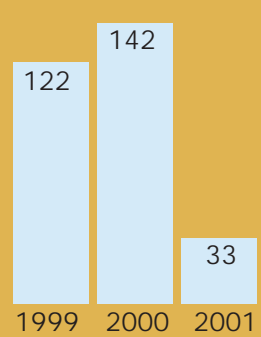
In the past, urgent care centers requested patient transport using 911 and both the Police and an ambulance would respond. Since the centers were already treating the emergencies, police services were not needed. Police implemented a plan to reduce the unnecessary responses to medical facilities and calls dropped by 77 percent in 2001. See "Medical emergency responses" below.

These reductions have allowed the Police to devote more time to other urgent calls for service and crime prevention. ♦

Alarm responses



Medical emergency responses at clinics



The major funds of the City of Bloomington fall into the categories of the General, Enterprise, Debt Service, Capital Funding Projects, Internal Services and Special Revenue. These funds demonstrate how quality City services provide a good value for your tax dollar.

The examples of monthly expenses for City services described on the following pages use an "average" home which has a 2002 assessor's market value of \$178,900, with monthly property taxes for City services of \$47.57.



## The General Fund

The General Fund, Bloomington's primary operating fund, accounts for a majority of City services. It uses current revenues to fulfill current expense obligations. This section contains specific information about each department within the General Fund. Expenditures were less than the budget in all 2001 General Fund operations.

### Public Works

Net property tax cost for average home per month \$ 10.35

Public Works provides safe and efficient transportation routes throughout Bloomington, maintains the City's streets, parks, vehicles and public facilities, and reviews the impact construction and development projects will have on local and regional infrastructure.

#### 2001 highlights

- ◆ Provided subdivision plats on the City's Web site - a time saving measure for land survey companies, real estate agents, citizens and City departments.
- ◆ Completed design of the 79th/80th Street bridge over I-35W in cooperation with the Minnesota Department of Transportation.
- ◆ Remodeled Logan Avenue offices to accommodate motor vehicle licensing.
- ◆ Reopened a "state of the art" water-testing laboratory at the Water Treatment Plant while overseeing construction of new public works addition.
- ◆ Worked with City of Richfield, Hennepin County, Federal Highway Administration, Minnesota Department of Transportation and other agencies to rebuild the Penn Avenue/I-494 interchange, scheduled to reopen in November 2002.

2001 Expenditures	\$7,816,188
2002 Budget	\$8,925,411

### Police

Net property tax cost for average home per month \$ 14.15

The Police Department works with the community to make the city a safer place to live and partners with residents and businesses to address their diverse needs.

#### 2001 highlights

- ◆ Increased participation in Neighborhood Watch to 308 groups.
- ◆ Enforced DWI laws to achieve a record 716 arrests.
- ◆ Emphasized vigorous enforcement of laws, crime prevention, crime analysis and problem solving by patrol units.
- ◆ Implemented a proactive Police unit at the Mall of America, reducing the assignment of regular patrol units to that site.

2001 Expenditures	\$12,839,857
2002 Budget	\$13,347,778

### Council, Commissions, City Manager

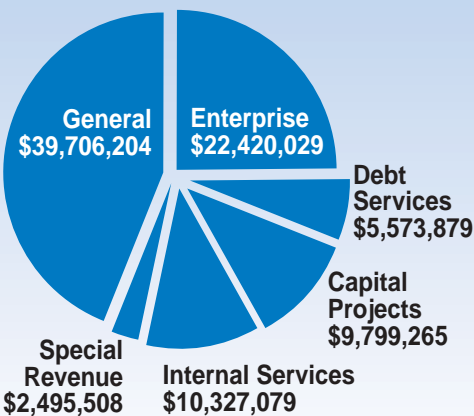
Net property tax cost for average home per month \$1.22

Bloomington is governed by an elected, part-time City Council consisting of a mayor and six councilmembers. Legislative power is vested in this council, which appoints citizens to advisory commissions, and a City Manager, who is responsible for the administration of City business. The City Manager appoints all other employees and performs duties as directed by the Council.

2001 Expenditures	\$974,127
2002 Budget	\$1,035,494

## 2001 Expenditures by fund

The City of Bloomington's expenditures for all funds totaled \$90,321,964 in 2001.



## City's organizational chart

Bloomington's Charter provides for a council-manager government. The City Council and Mayor, elected by the people, exercise legislative power and determine all City policies.

Advisory boards and commissions gather information and advise the City Council on specific issues.

Day-to-day operations are directed by the Council-appointed City Manager. The City Manager oversees the eight departments and the Technical Services Group that carry out the services, activities and policies of the City of Bloomington. ♦



### Fire

Net property tax cost for average home per month \$ 2.76

The Fire Department protects the community. It performs rescues, responds to fires, emergencies and hazardous materials incidents and teaches fire prevention.

#### 2001 highlights

- ◆ Added 18 new volunteer firefighters.
- ◆ Purchased, with partial donation from Bloomington Association of Retired Firefighters and Bloomington Eagles, a thermal imaging unit which allows firefighters to "see through" smoke and rescue people.
- ◆ Purchased three engines, two brush trucks and one ladder truck to replace aging equipment.

2001 Expenditures	\$2,213,093
2002 Budget	\$2,288,879

### Human Resources

Net property tax cost for average home per month \$ .73

Human Resources recruits and assists in hiring staff, oversees employee benefit programs and conducts employee relations activities on behalf of the City's personnel.

#### 2001 highlights

- ◆ Recruited and hired 65 full-time employees to maintain staffing levels.
- ◆ Hired more than 400 part-time employees.
- ◆ Updated City performance-based compensation program.
- ◆ Promoted more than 20 full-time employees.
- ◆ Updated City's Affirmative Action Plan and received Certificate of Compliance from the State of Minnesota.

2001 Expenditures	\$494,660
2002 Budget	\$588,279

## 1955

1955  
Population -  
28,934.



1956  
Met Stadium  
built.

1958  
\$8.8 million  
waterworks  
system  
replaced  
contaminated  
wells.



1959  
Bloomington  
became a city.

## 1960

1964  
First half of  
City Hall con-  
structed at  
Penn and Old  
Shakopee  
Road.



# The General Fund

## Community Development

Net property tax cost for average home per month \$ 1.93

Community Development partners with the community through planning, economic development and redevelopment activities. The department promotes safety by obtaining compliance with state and City codes.

2001 Expenditures	\$4,272,783
2002 Budget	\$4,531,865

2001 highlights

- ◆ Adopted a Comprehensive Plan Update, a guide for development and redevelopment, infrastructure improvements and housing and community service needs for the next 20 years.
- ◆ Worked to minimize impacts of Burnsville amphitheater and proposed Runway 17/35 on Bloomington residents.
- ◆ Completed delegation agreement with the Minnesota Department of Agriculture to perform meat, bakery, grocery, warehouse and most agricultural inspections in Bloomington and reduced duplication of inspections.
- ◆ Began a comprehensive update of the Zoning Ordinance.

## Finance

Net property tax cost for average home per month \$ 1.60

Finance provides financial management services and internal support services to other departments.

2001 Expenditures	\$1,131,702
2002 Budget	\$1,301,049

2001 highlights

- ◆ Implemented purchase cards to reduce time spent on purchasing process for 75 percent of transactions with security safeguards and policies to prevent misuse.
- ◆ Reorganized a safety committee which proactively works to minimize claims and costs of risks throughout the City.
- ◆ Developed construction budgets for new facilities.
- ◆ Issued lease revenue and public improvement revolving debt totaling \$10 million.
- ◆ Developed financial plan for Airport South after tax law changes, facilitating the Mall of America land swap.

## Legal

Net property tax cost for average home per month \$ .63

Legal advises the City Manager, City Council, City departments and advisory boards and commissions.

2001 Expenditures	\$961,440
2002 Budget	\$957,894

2001 highlights

- ◆ Successfully negotiated development contract amendments with the Mall of America Company, facilitating the Mall's next phase.
- ◆ Represented the City in the Metropolitan Council review of the proposed Burnsville amphitheater.
- ◆ Assisted in acquiring right-of-way for major public improvements, including the Penn Avenue and I-35W bridges and the Ring Route.
- ◆ Obtained dismissals of several claims and lawsuits filed against the City.
- ◆ Made approximately 10,000 court appearances to prosecute criminal violations.

## Technical Services

Net property tax cost for average home per month \$ 2.02

The Technical Services Group furnishes licensing, assessment, election services, records management and cemetery services to Bloomington's residents.

2001 Expenditures	\$1,632,849
2002 Budget	\$1,818,670

2001 highlights

- ◆ Issued approximately 121,900 licenses, including motor vehicle licenses.
- ◆ Relocated Motor Vehicle Office.
- ◆ Conducted four elections.
- ◆ Assessed 28,978 properties with only 85 petitions filed challenging these values.



Metropolitan Sports Center – 1967.



Mall of America opened – 1992.

The Metropolitan Sports Center, built in 1967, was home of the Minnesota North Stars hockey team until 1993. In 2001, a land-swap agreement between the Mall of America Company and the Metropolitan Airport's Commission was finalized and paved the way for the Mall's next phase of development on the former Met Center site.

## Community Services

Net property tax cost for average home per month \$ 7.30

Community Services fosters opportunities for all residents, produces City and related organizations' communications, provides public health services and manages parks and recreational activities.

2001 Expenditures	\$7,369,511
2002 Budget	\$7,880,188

2001 highlights

- ◆ Held first annual Safety Camp, co-sponsored by Community Services and the Police and Fire Departments.
- ◆ Received two national awards from the City-County Communications and Marketing Association for the videos "Tech Team Report" and "At Your Service."
- ◆ Developed Students Against Drunk Driving Chapters in Bloomington, Edina and Richfield high schools.
- ◆ Developed mass clinic plan for immunizations and antibiotic distribution in the event of bioterrorism.
- ◆ Started Phase II improvements to Smith Park that included a basketball court, two tennis courts, athletic field lighting and irrigation, two picnic shelters and a 70-foot long pedestrian bridge over the pond.



Around the campfire – 1960s.



Normandale Lake Bandshell – 2001.

Parks and open spaces have played an important part in our community since the first park was created in 1954. The Normandale Lake Bandshell was completed in time for 2001 Summer Fete celebration. Approximately 35,000 people attended the July event.

1965



1967  
Met Sports  
Center built.

1968  
Normandale  
Junior College  
opened.



1970

Bloomington  
Ice Garden  
built.



1971  
School  
enrollment -  
26,000.

1972  
Standard and  
Poor's upgraded  
City's bond rating  
from BBB (below  
investment  
grade) to A.

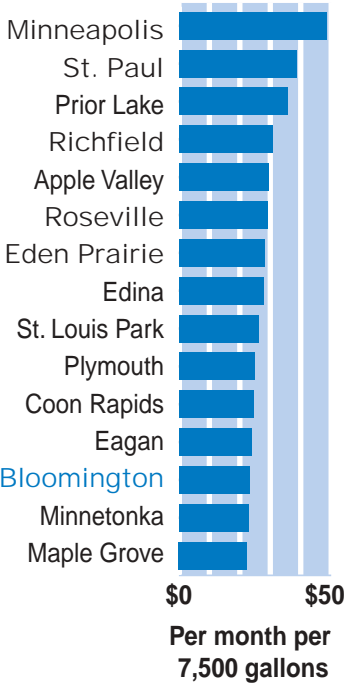


2001 Residential water and sewer rate survey

Monthly costs to residents in 15 metro area cities for water and sewer service varied greatly in 2001, from \$22 per 7,500 gallons in Maple Grove to \$48 in Minneapolis. Less than half of the cities, including Bloomington, soften their water before distribution to residents.

The City's softened water and sewer services are bargains at only \$23 per 7,500 gallons - another example of how the City's quality services are a good value for your tax dollar. ♦

Cities in bold provide softened water.



Enterprise Funds

These funds consist of utilities, recreational facilities and contractual police services primarily supported by user fees. Operating expenses do not include debt service expenses, capital outlay or transfers to other funds. Utility fees were not increased in 2002.

Public Works Water Utility	2001 Expenditures	\$8,814,706
	2002 Budget	\$8,875,074

Average fee per month based on 7,500 gallons \$13.51

Public Works Waste Water Utility	2001 Expenses	\$7,089,671
	2002 Budget	\$7,333,358

Average fee per month \$9.79

Public Works Storm Water Utility	2001 Expenses	\$1,374,555
	2002 Budget	\$1,993,783

Average fee per month \$3.48

Public Works Solid Waste Management	2001 Expenses	\$658,490
	2002 Budget	\$715,824

Average fee per month \$1.53

Community Services Recreational Facilities	2001 Expenses	\$3,537,905
	2002 Budget	\$3,721,851

Average property tax cost for average home per month \$.29

Public Safety Contractual Police	2001 Expenses	\$516,309
	2002 Budget	\$635,900

Funding User fees

The Police Department provides contractual services to businesses holding special events that require assistance beyond those normally provided. Businesses receiving contractual protection are invoiced for overtime, plus related fringe benefits and overhead.

Technical Services Motor Vehicle Office	2001 Expenses	\$425,693
	2002 Budget	\$424,227

Funding User fees



Special Revenue Funds

These funds account for revenues used for specific purposes, including housing and community development, communications, public health initiatives and law enforcement activities.

Community Development Block Grant	2001 Expenditures	\$818,388
	2002 Budget	\$800,000

Funding Federal grants

Community Services Cable Television	2001 Expenditures	\$798,838
	2002 Budget	\$903,414

Funding Franchise fee and other fund charges

Public Safety Pension Residual Asset Fund	2001 Expenditures	\$1,762,925
	2002 Budget	\$10,717,136

Funding One-time reimbursement

Public Safety Police Special Revenue	2001 Expenditures	\$143,845
	2002 Budget	\$909,918

Funding Forfeited assets and grants

Community Services Public Health Special Revenue	2001 Expenditures	\$649,061
	2002 Budget	\$666,277

Funding State health grants

Community development Airport South Environment Review	2001 Expenditures	\$174,736
	2002 Budget	\$30,000

Funding Environmental review fees



Internal Service Funds

These funds finance interdepartmental goods and services on a cost-reimbursement basis. Internal Services Funds are supported by user charges already included as expenses to other funds in this report. Operating expenses do not include debt service, capital outlay or transfers to other funds.

Equipment Division Equipment Pool	2001 Expenses	\$3,714,699
	2002 Budget	\$3,670,878

Facilities Replacement	2001 Expenses	\$1,668,769
	2002 Budget	\$1,749,842

Information Systems	2001 Expenses	\$1,809,758
	2002 Budget	\$2,096,447

Public Safety Radio	2001 Expenses	\$377,761
	2002 Budget	\$545,969

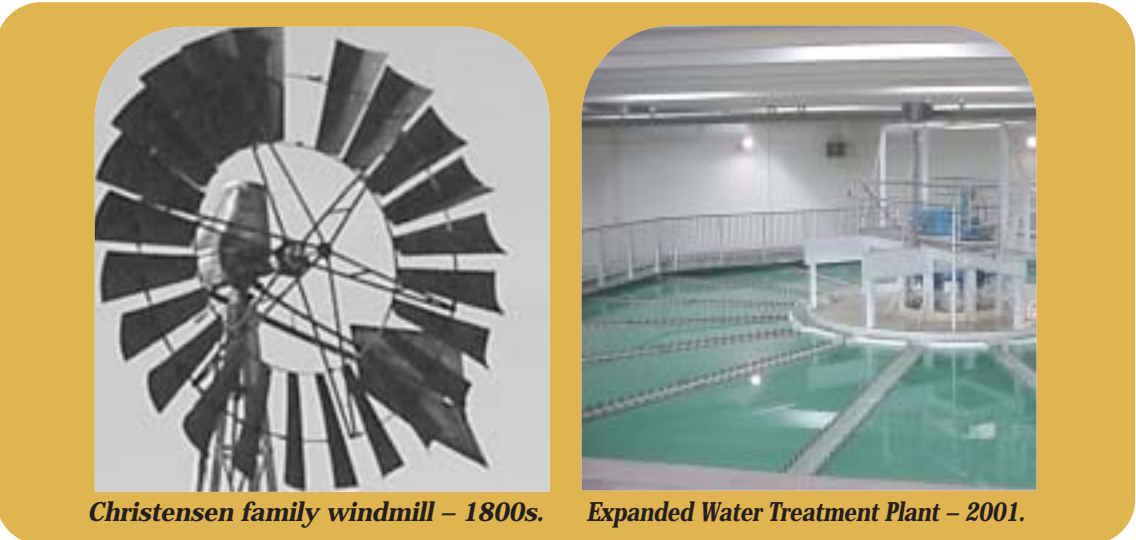
Self-insurance	2001 Expenses	\$1,314,199
	2002 Budget*	Not budgeted

\* A specific budget is not developed; however, working capital goals and insurance reserves are established and maintained.

Support Services	2001 Expenses	\$515,973
	2002 Budget	\$577,961

Insured Benefits	2001 Expenses	\$0*
	2002 Budget	\$3,887,851

\*New fund in 2002.



Christensen family windmill – 1800s. Expanded Water Treatment Plant – 2001.

Before Bloomington became a city, a multi-bladed windmill pumped water from a well on the Christensen family farm. On the same site today, the Sam H. Hobbs Water Treatment Plant provides billions of gallons of water to residents and businesses and is expanding to meet growing needs. The \$18 million water-capacity improvement project is in its third year, with \$2.3 million of capital expenditures budgeted in the 2002 Water Utility Fund. The expansion will not increase water utility rates. Completion is expected by fall 2002.

1975

1980

1973  
Parkland -  
2,470 acres.



1974  
Creekside converted from school to community center.

1975  
Standard and Poor's upgraded City's bond rating to A+, Moody's awarded A1.



1981  
Last baseball game at Met Stadium.



1989  
Parkland -  
7,850 acres.



Capital Funding Projects and Debt Service



Capital Funding Projects

2001 Expenditures	\$9,799,265
2002 Budget	\$9,333,006

Capital Funds improve services and enhance major assets such as land, structures, equipment and streets. Major projects in 2001 include:

**Parks**  
The City Council approved \$1.5 million to improve various neighborhood parks and playgrounds including \$123,660 to renovate City-owned athletic fields at Normandale Community College, \$226,000 for Valley View Park and \$314,000 for Hrbek Field.

**Pavement Management**  
This is a funding and implementation plan for repair, maintenance and reconstruction of Bloomington roadways. Needs are identified and funded through state aids, assessments and an annual levy. To maximize efficiency, the most opportune time to repair streets is calculated and the funding needs are levied over several years. Expenditures of approximately \$3.2 million are budgeted for this program in 2002.

**Property Rehabilitation Initiatives**  
Since 1997, the City has provided \$3.9 million for property enhancement initiatives such as rehabilitation and replacement of substandard property. Actual expenditures for this program through 2001 totaled \$2,254,765. For 2002, an additional appropriation of \$524,509 was added to this fund.

**Public Safety Training Center**  
Four cities, including Bloomington, are collaborating on a joint training facility for police and fire personnel. The total cost of the facility is \$6.2 million. Bloomington funds, totaling \$2.4 million, have been accumulated and committed to this project for 2002. Construction is scheduled to begin fall 2002.



Valley View Pool – 1971.



Family Aquatic Center – 2002.

The Valley View Pool opened in 1971 and operated until 2000. In 1999, the Council approved a pool replacement based on recommendations from a citizens’ task force. The estimated cost of \$3.8 million, taken entirely from existing funds, was in the 2001 budget. Construction began in 2001 and is scheduled for completion in June 2002. Amenities include zero-depth entry, water play features and a renovated bathhouse. Included in this funding is \$200,000 for more water play areas throughout the City park system.

**Fixed assets**  
The City’s fixed assets total \$60,306,391. A major portion, \$32,708,128, is in buildings and structures. Funding to acquire general fixed assets are provided by the Capital Funds.  
For Police/City Hall/Arts Center facilities and Public Works addition, see page CR8. For Water Treatment Plant Expansion, see page CR6.



Debt Service

2001 Expenditures	\$5,573,879
2002 Budget	\$2,564,304

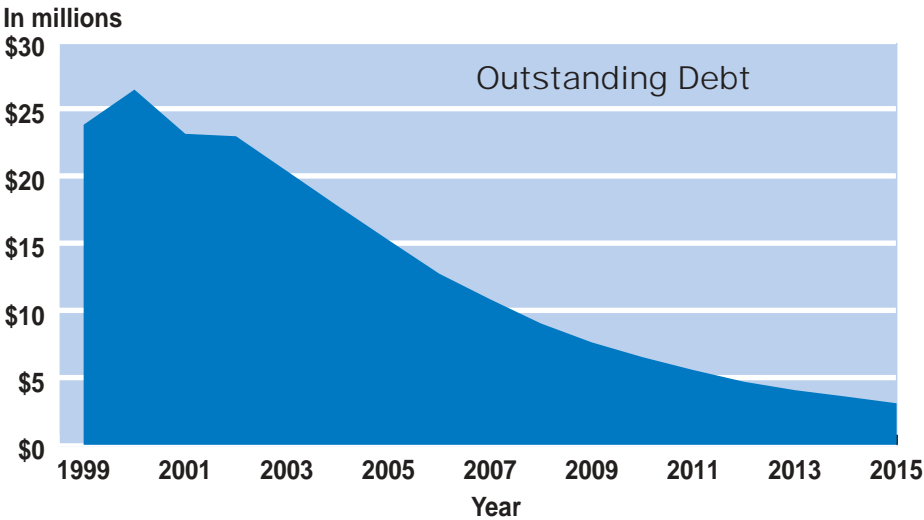
Net property tax cost for average home per month **\$2.72**

Many community needs must be met by the City of Bloomington including street and infrastructure work and construction projects. The City’s ability to issue future debt at lower interest rates will provide for our community’s upkeep and renewal without substantially increasing property taxes for debt service. See graph to the right.

**Outstanding debt**  
The City’s total outstanding General Obligation debt on December 31, 2001, was \$23 million. Included in the City’s obligations are the Port Authority and the Housing and Redevelopment Authority. The statutory debt limit for Bloomington is \$157,900,000 or \$1,853 per capita.

The City’s net debt per capita is \$216 as indicated in the table below. The net debt includes all General Obligation debt of the City, the Housing and Redevelopment Authority and the Port Authority.

Housing General Obligation Revenue Bonds	\$ 7,830,000
Port Authority Bonds	59,685,000
City of Bloomington Debt	23,130,000
<b>TOTAL</b>	<b>\$ 90,645,000</b>
Less: Revenue funded bonds	(63,770,000)
Amount on hand	(8,470,051)
<b>NET DEBT as of 12/31/01</b>	<b>\$18,404,949</b>
NET DEBT per capita	\$216



The current debt will drop to \$11 million in 2007. The ability to retire at least half of a City’s debt in ten years is considered a strength. Bloomington can retire half of its debt in six years.

City maintains highest bond ratings

The City of Bloomington maintains Aaa and AAA bond ratings, the highest ratings awarded respectively by the bond agencies, Moody’s and Standard and Poor’s.

**Strong position**  
Moody’s believes the City will maintain its strong financial position because of its diverse and sizable economic base, favorable debt position and heavy support from non-levy sources. Standard & Poor’s

said the high rating reflects the City’s strong, conservatively managed financial operations and manageable debt burden.

**Low interest**  
A municipal bond rating is similar to a corporate or individual credit rating. It is used for long-term financing. The extremely high ratings are measures of the quality of the City. This translates into interest savings because bond buyers are willing to earn the low-

est interest as a tradeoff for secure debt. This ensures Bloomington’s interest costs will remain as low as possible.

**A healthy community**  
The City’s excellent bond rating is a message to businesses and individuals that Bloomington is a healthy community. It also sends the signal to current and potential investors that Bloomington’s financial future is strong. ♦

1990

1992 Mall of America opened.

1993

1993 New Fire Station #1 built.

1995

1995 First River Rendezvous held.

1998

1998 City awarded top Aaa bond rating from Moody's.

1999

1999 City awarded top AAA bond rating from Standard and Poor's.



The City Council presents this corporate report of financial and related information to show how Bloomington's city government performs.

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About this report

The City of Bloomington reports financial year-end results in a 155-page report called the *Comprehensive Annual Financial Report (CAFR)*. This popular report summarizes the most significant data from the 2001 CAFR and the 2002 Budget Document.

The *City of Bloomington Corporate Report to the Community* is unaudited. We have used this popular report to communicate financial information for the past six years.

For a complete review of the City's financial position for 2001, consult the *CAFR for the Year Ended December 31, 2001*, available in the Hennepin County Library or from the City. Contact us at 952-563-8790 for information.

What do you think?

Direct your comments and suggestions to the Finance Department, phone: 952-563-8790, E-mail: finance@ci.bloomington.mn.us. Visit our Web site at www.ci.bloomington.mn.us, to find out more about the City of Bloomington's services. ♦

Mall of America: A Bloomington success story

The Mall of America has helped Bloomington become one of the top tourist destinations in the U.S. The four million square-foot retail and entertainment complex employs more than 11,000 people and draws 43 million visitors every year.

Revitalization

Since the Mall's opening in 1992, the Airport South area has seen a positive change. Many new restaurants and hotels have come online. Public infrastructure improvements have revitalized the area, helping to attract new businesses. More commerce

ensures employment opportunities and increases the City's tax base.

City's contribution

The City of Bloomington entered into a development contract in 1988 with the Mall of America Company that included funding of public improvements, such as street reconstruction, streetlights and utilities. Improvements were funded through tax increment financing, a tool that sets aside a portion of property taxes paid by the Mall so the revenue stream repays the debt issued by the City. The Mall's property taxes, lodging

2001 General Fund impact of Mall of America (MOA)

Admission taxes	\$875,000
Hotel-motel taxes	\$970,000
Total revenues	\$1,845,000
Less estimated expenditures related to MOA	\$(945,000)
General Fund revenues exceeding expenditures	\$900,000

and liquor taxes, and interest earnings repay this debt.

Asset to our community

The positive benefit of \$900,000 annually in the City of Bloomington's General

Fund, along with the many community activities and services the Mall of America provides, make it a good neighbor and a significant contributor to the community. ♦

Facilities replacement

City facilities are being enhanced to improve customer service and provide the best long-term value to the community. Capital projects near completion include the Bloomington Family Aquatic Center (page CR7) and the Water Treatment Plant (page CR6). Other capital projects are described on page CR7. New facilities under construction will house Police and City administrative functions, underground parking for Police vehicles and an Arts Center, including performing and visual arts space. Construction of additional storage space for Public Works equipment and office renovation is complete.

Task force recommendation

In May 2000, the City Council authorized staff to assemble a six-parcel site located between 98th Street and Old Shakopee Road for the Police/City Hall and Arts Center. This decision was based on a task force recommendation that current facilities were inadequate for the City's needs and the new site should be adjacent to existing City facilities. The plan creates a campus setting for City services on a 15.6-acre site. The recommendation also included expanding the Public Works site at James Avenue to provide indoor storage for City equipment and vehicles.

Financing

Financing for the new facilities is as follows:  
♦ Funds for the new City Hall come from savings. Since 1990, the City has

been saving money in a Capital Replacement Fund for future facility needs.

♦ The Bloomington Port Authority has issued Lease Revenue Bonds for the balance of the City Hall funding to be repaid from the City's existing revenue streams.

♦ The Police portion is being funded by a Police Retirement Fund Merger Reimbursement Legislation that returned surplus retirement fund assets to Bloomington.

♦ In June 2000, Bloomington voters autho-

rized \$7.2 million of bond-financing for the Arts Center portion.

Budget

The Police and City Hall facilities will be completed in spring 2003 at a total cost of \$38 million. All of the land is purchased, contracts are let, grading is complete and footings and structure work is underway. Occupancy is planned for May 2003.

Public Works addition

Construction is complete at the Public Works site at the 98th Street and James Avenue. Approximately

71,000 square feet of vehicle equipment storage was built. A 2,100 square foot repair garage addition was constructed, along with 15,240 square feet of new offices. The additional office space allows for consolidation of Public Works employees and the additional storage space will protect City equipment from degrading.

**These facilities are being improved without increasing property taxes or utility rates beyond 2002 levels.** ♦



Police test Speed-O-Graph – 1950s.



Mall of America Police Unit – 2002.

Traffic safety concerns drove residents to form the Bloomington Police Department in 1953. Needs have changed over the years, but the Department's mission to protect, serve and partner with the community to provide the best possible service has remained constant.

In 2002, a storefront for Bloomington Police opened at the Mall of America. The main focus of the new initiative is to work with business owners in preventing crime. Providing a safe, secure shopping experience for visitors and helping businesses maintain a successful retail environment benefits the community.

A total of six officers will be at the Mall of America station. The additional police will provide better coverage and service to the east side neighborhoods, allowing officers assigned in the area to concentrate on non-Mall-related calls. Mall-related revenues cover the cost for the police officers.

2000

2000  
Population -  
85,172.



2001  
Lake  
Normandale  
Bandshell  
opened.



2002  
Public  
Works and  
Water Plant  
expanded.

Bloomington  
Family Aquatic  
Center  
opened.



2003  
City Hall,  
Police and  
Arts Center  
open at 98th  
and Old  
Shakopee.